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July 26, 2001
EXECUTIVE

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

Re: Docket No. 97-00409: All Telephone Companies Tariff Filings
Regarding Reclassification of Pay Telephone Service
UTSE Response to TPOA Discovery

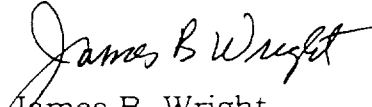
Dear Mr. Waddell:

Enclosed for filing are an original and thirteen copies of United Telephone-Southeast, Inc.'s Response to First Set of Data Requests from the Tennessee Payphone Owners Association. Five copies of the CD referenced in the Response are also enclosed.

A copy of the Response is being served on counsel of record. Please note that certain of the information has been designated proprietary and as such is subject to the Protective Order entered in this Case.

Please contact me if you have any questions.

Sincerely,


James B. Wright

cc: Parties of Record (with enclosures)
Laura Sykora
Kaye Odum

CERTIFICATE OF SERVICE; DOCKET 97-00409
(Pay Telephone Service Reclassification)

The undersigned hereby certifies that on July 26, 2001 the Reponse of United Telephone-Southeast, Inc. to the TPOA's First Data Request was served upon the following parties of record by fax or by depositing a copy thereof in the U.S mail addressed as follows:

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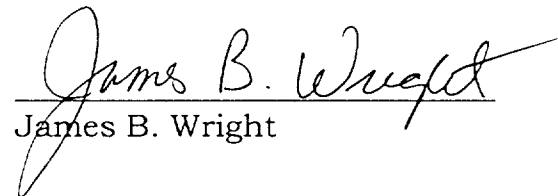
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James B. Wright

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DATED JUNE 22, 2001

Question 1: Identify all differences between the revised cost study submitted by United on May 1, 2001, and the most recent cost study filed by United in Docket 97-00888 (Universal Service).

Answer:

Area of Difference	United Payphone Filing (97-00409) May 1, 2001	United USF Filing (97-00888) September 29, 1999
Models Filed	<ul style="list-style-type: none">• SLCM – For loop investment*• SCIS – For switch investment• Transport Cost Model – For transport investment• TELRIC UNE Model – For cost factor development and application	BCPM 3.1.
Inputs	United specific inputs for -- <ul style="list-style-type: none">• Line counts for residential, business (including payphones) and special access as of December 2000• Material costs• Labor rates (year 2000)• Traffic data (2000)• TRA approved depreciation rates• TRA ordered cost of capital from universal service Docket No. 97-00888	Tennessee Regulatory Authority (TRA) ordered, per its September 16, 1999 <i>Interim Order on Phase II of Universal Service</i> .

*The Sprint Loop Cost Model (SLCM) is an enhanced version of BCPM 3.1 designed to support TELRIC calculations of all loop network elements.

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Question 2: For each month, January 1997 to present, identify by wire center:

- (a) The number of payphone lines provided to non-affiliated payphone providers;
- (b) The number of payphone lines provided to company owned payphones.

Answer: United does not maintain the information in the requested format. The data used to prepare a response must be manually extracted and compiled in a separate process.

In a previous data request from the consumer advocate in this docket, United provided affiliate and non-affiliate payphone line counts by wire center for June 1997, June 1998, June 1999 and June 2000. Attached hereto is the affiliate and non-affiliate proprietary information for June 2001. United considers this information to be responsive to this request.

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Question 3: The FCC's Universal Service Order (CC Docket 96-45, released May 8, 1997) includes ten criteria for the development of cost studies for the purpose of developing a universal service fund. (Those criteria are also set forth in the cost study filed by Citizens Communications in this docket (97-00409). As Citizens did when filing its cost study, provide an explanation of whether United's cost study does or does not comply with each of those ten criteria.

Answer: United does not agree that the USF criteria should apply to pay telephones. However, as requested, United has prepared an explanation of whether the cost study complies with each of the ten criteria, listed at paragraph 250 of the above referenced FCC universal service order, as follows:

- 1) United incorporates the least-cost, most efficient and reasonable technologies currently being deployed. For instance, forward-looking technology such as next generation digital loop carriers (NGDLCs) and carrier serving area (CSA) design are incorporated into United's cost study. United wire center line counts are equal to the actual wire center line counts. Load coils are not incorporated into United's study.
- 2) Each network function (loop, switching, transport, etc.) has a specific associated cost. All network functions are documented and verifiable.
- 3) United only includes long-run forward-looking economic cost in its study. The study does not rely upon embedded costs for facilities, functions or elements. All equipment is assumed to be variable and avoidable. Costs are based on current material prices net of discounts rather than list prices.
- 4) The criterion states the rate of return should be either the authorized federal rate of return on interstate services, currently 11.25 percent, or the state's prescribed rate of return for intrastate services. United's March 6, 2001 cost study reflects United's true cost of capital, which is the amount of return required by both equity and debt investors given the amount of perceived risk associated with the investment. The May 1, 2001 cost study requested of United was run using a 10.15% rate of return per the TRA's finding in Docket No. 97-00888.

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Question 3: Continued.

5) United's depreciation rates became effective in 1995 and were the result of three-way meetings between the FCC, the Tennessee Public Service Commission and United.

6) United's cost study accounts for voice grade services for all businesses and households within the geographic region, including the provision of multi-line business services, special access, private lines and multiple residential lines.

7) United allocates joint and common costs to all components of the network.

8) United's cost study includes all underlying data, formulae, computations and software. All calculations to determine the cost of payphone service are done in Microsoft Excel and are verifiable. Engineering assumptions are based on actual current experience.

9) United's cost study includes all necessary data/calculations needed to examine and modify assumptions and engineering principles.

10) United's cost study is able to deaverage calculations to a wire center serving area level.

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Question 4: Provide a detailed explanation of all material differences between United's cost study and the cost studies submitted by BellSouth and Citizens Communications in this docket. Include in the answer an explanation of any differences in methodology and any material differences in inputs.

Answer: United objected to this question on July 6, 2001. In a letter from the TPOA to Director Greer dated July 13, 2001, the TPOA agreed not to seek a response to this question from United.

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Question 5: An expert witness testifying for United in Docket 00-00544 recently testified (tr. Vol. IV-B, pp. 100-101) that the "costs" of United's system should be approximately the same as the "costs" of BellSouth's system. In light of that testimony, provide a detailed explanation of why United's proposed cost-based" (sic) payphone rates are more than twice the cost-based rates approved by the Authority for BellSouth.

Answer: The question lifts the Sprint witness's testimony out of the context in which it was given. For nineteen transcript pages before the cite given above the context of the BellSouth cross-examination related to charges for central office based cross-connects. While cross-connects and non-recurring charges tend not to vary because of a company's urban or rural focus, it is clear that the key elements in United's payphone cost study (local loops, switching, and transport) can vary by company and wire center. In particular, local loop costs can significantly vary by company and wire center given factors such as customer density, distance from the central office, terrain, weather, local market conditions and material costs.

- Customer density is the single largest factor impacting the cost of local loops. Customer density is commonly expressed in terms of customers or access lines per square mile. The density of customers impacts loop cost in an inverse manner: the higher the customer density, the lower the cost of the local loop. This relationship is linked to a few fundamental issues, the first being a trench, conduit or aerial pole route is required regardless of whether a 25 pair or 2400 pair cable is placed. From this it is obvious the greater the customer density the more customers that can be served along a feeder or distribution cable route. Therefore, customer density ultimately determines how many customers or loops there are over which to spread the cost of digging the trench and/or placing conduit or placing aerial pole line. For example, BellSouth provides service in the major metropolitan areas in Tennessee while United provides service in the northeastern corner, United's largest city having less than 63,000 access lines. Thus, since BellSouth and United provide service to different areas of Tennessee and provide service to a different amount of customers, it is impossible for BellSouth and United to have the same loop costs.

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Question 5: Continued.

Customer density also drives the unit cost of other equipment components associated with loops. Loop components such as Serving Area Interfaces (SAIs) (the point of interconnection between feeder and distribution cables), Digital Loop Carrier (DLC) devices and drop terminals, for example, are all similarly impacted by customer density and exhibit lower per unit costs as customer density increases. Rural areas have much lower customer density, meaning there are fewer lines to spread the cost over, which results in a higher cost.

- Structure type, or plant type, has a major impact on cost of loops. Sprint researched its network databases and developed per foot installation costs for all plant types. Sprint also varies structure inputs by density zone, due to the fact that different work activities will occur in a rural area compared to an urban area. For example, more sidewalks and streets must be dealt with in an urban area compared to a rural area. The more obstacles encountered when installing cable, the greater the cost, so United's costs should be lower for this issue.
- The distance of a given customer location from the central office directly increases loop costs as the distance increases. This relationship results in the obvious need to place more cable, trenches, conduit and or aerial pole lines as the distance or length of the loop increases. As distance increases it generally increases the need for, and overall cost of, maintenance. Assuming constant customer density, longer cables have more splice points and resulting exposure to risk. A greater number of splice points means there are more areas for possible failure due to lightning, water, rodents, vandalism, and accidents. Rural areas have longer loops and therefore have higher costs.
- The type of terrain in which cable is placed impacts both the cost of the initial cable placement and the maintenance of the cable. The cost of below-ground cable construction increases as the presence and hardness of rock increases. Terrain factors such as the water table, trees, mountains, all affect both the initial construction cost of loops and subsequent maintenance expense.

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Question 5: Continued.

- The extremes of weather affect the cost of maintaining cable and therefore figures significantly into the type of cable placed (buried, aerial or underground). The cost of maintaining aerial plant in geographic areas that frequently experience ice storms, electrical storms or tornadoes is certainly greater than those areas that seldom encounter these conditions.
- Issues such as local zoning laws requiring below-ground plant, screening and landscaping around SAI and DLC sites, construction permits and restrictions, heavy presence of concrete and asphalt, traffic flows, and local labor costs, all impact the construction and maintenance costs of loop plant and will vary between locations.
- United uses its current vendor material costs for cable and electronics. Material costs are a determinant of the cost as they are the basic components that make up the network, such as cable, NGDLC, SAI, drop terminals, and drop.

Therefore, United's costs for pay telephone service, which primarily consist of a loop, should be significantly higher than BellSouth's. It should be expected that a loop that is capable of supporting pay telephone service in a more rural area of Tennessee should be more expensive than a loop in a more urban area. United has produced a cost study with documentation that supports this fact.

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Question 6: Refer to p.1 of United's cost study. The stated purpose of the cost study is to develop a "long run incremental cost (LRIC) study specific to payphone operations".

- (a) Define long run incremental cost as it is used in this context.
- (b) If long run incremental cost is intended by Sprint to mean anything other than the total element long run incremental cost (TELRIC) as defined by the FCC please explain all detail all differences in methodology.
- (c) Define the phrase "payphone operations" as it is used in this context.
- (d) Does the phrase "payphone operations" refer only to payphone access services provided to independent payphone providers?
- (e) If the answer to part d. is yes, explain in detail how the costs that are specific to payphone access services provided to independent payphone providers have been identified.
- (f) Does the phrase "payphone operations" refer only to Sprint's payphone operations?
- (g) If the answer to part f. is yes, explain in detail how the costs that are specific to Sprint's payphone operations have been identified.

Answer:

- (a) Long run incremental cost (LRIC) prices a network element using the forward-looking costs that can be attributed directly to the provision of services using that element, including a reasonable return on investment plus a reasonable share of the forward-looking joint and common costs. LRIC does not include any embedded or opportunity costs or any universal service subsidies. See First Report and Order in Docket 96-98 at ¶673.
- (b) United is using LRIC and TELRIC inter-changeably in the context of this cost study.

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Question 6: Continued.

- (c) For a definition of "payphone operations", United would refer to its General Subscriber Services Tariff at U7.1(A). There Payphone Line Service (PLS) is defined as "a class of service furnished to individuals, firms or corporations which permits connection of a customer-provided instrument that is activated by the deposit of coins, cards, tokens or the entry of a subscriber account number, to the lines of the Company [UTSE]."
- (d) No. "Payphone operations" refers to all payphone line services provided in United serving territory.
- (e) The answer to Question 6(d) is "no".
- (f) No. Refer to the answer for Question 6(d).
- (g) The answer to Question 6(f) is "no".

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Question 7: Refer to page 1. The Introduction section states that a purpose of this docket is to "establish payphone rates."

- (a) Describe in detail what is meant by the phrase "payphone rates" in this context.
- (b) Provide a listing of all rate elements that meet the definition of "payphone rates" set forth in response to part a.
- (c) For each rate element listed, provide a specific reference that indicates where the cost of each rate element may be found in the cost study filed in this proceeding.
- (d) If it is Sprint's position that any of the rate elements listed in part b. have the same cost, explain in detail why the calculated cost is applicable to each rate element.

Answer:

- (a) The TRA's February 1, 2001 *Interim Order* at page 15 in this docket found that "payphone rates should include a flat rate component to recover the non-traffic sensitive costs of the loop and a usage rate component to recover the traffic sensitive costs of the switched network."
- (b) United's cost study at "Section D: Price List" sets out a "PTAS Monthly Flat Rate" and a "PTAS Usage Rate" per the TRA's order referenced above.
- (c) The components of United's "PTAS Monthly Flat Rate" and "PTAS Usage Rate" are detailed at Section E and Section F respectively. Each of these sections provide page and line references regarding each component.
- (d) United objected to this question on July 6, 2001. The TPOA's letter to Director Greer dated July 13, 2001 relates that the parties' have agreed to have their subject matter experts discuss in order to clarify the intent of this question.

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Question 8: Refer to page 3. The Introduction section states that a purpose of this docket is to "remove any subsidies" that benefit Sprint's payphone affiliates or operations.

- (a) Describe in detail how Sprint believes that the TRA can determine whether any subsidies benefiting Sprint's payphone affiliates or operations can be detected and removed.
- (b) Does Sprint agree that in order to detect any subsidies benefiting Sprint's payphone affiliates or operations that it is first necessary to determine both the revenues and costs that are specific to any such payphone affiliates or operations?
- (c) If the answer to part b is anything other than an unqualified yes, please explain in detail how Sprint believes such a subsidy could be detected if this relevant revenue and cost information is not available.
- (d) If the answer to part b. is yes, provide a detailed description of the revenues and costs that are specific to Sprint's payphone affiliates or operations. Provide specific references to where these costs may be found in the cost study filed in this proceeding.

Answer:

- (a) In a May 19, 1997 filing in this docket, United calculated its annual intrastate payphone subsidy to be \$143,500. At that time, United filed tariffs lowering its intrastate access rates by that amount annually. In a June 6, 1997 filing, United re-calculated its intrastate payphone subsidy to be \$138,554 but made no further rate adjustments. The filings provide details supporting United's intrastate payphone subsidy calculation.

The TRA's February 1, 2001 *Interim Order* at page 24 referenced United's 1997 filing but found that United must recalculate its payphone subsidy based on the permanent payphone rates determined in this proceeding.

The appropriate subsidy calculation for regulated payphone operations will be based upon United's permanent rates multiplied by the number of payphones at the time of deregulation. These costs (including overheads) would be compared to the regulated payphone revenues included in United's 1997 filing. The resulting amount would replace United's prior \$143,500 price regulation adjustment.

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Question 8: Continued.

- (b) See the answer to Question 8(a).
- (c) See the answer to Question 8(a).
- (d) See the answer to Question 8(a).

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Question 9: Refer to p. 2. Line item 1 is described as "PTAS Monthly Flat Rate."

- (a) Is it Sprint's position that the proposed rate on line 1 represents a cost-based rate for the non-usage components of PTAS service?
- (b) If yes, explain in detail how the underlying costs are specific to PTAS service, and how these costs have been used to develop this cost-based rate.
- (c) If no, explain in detail why Sprint believes that the proposed rate complies with the FCC requirement that intrastate rates for PTAS service are cost-based.

Answer:

- (a) Yes.
- (b) The PTAS Loop Cost is weighted by wire center using wire center specific payphone line demand quantities. The calculation can be found on page 39 of United's cost study.
- (c) The answer to Question 9(a) was "yes".

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Question 10: Refer to p. 2. Line item 2 is described as "PTAS Usage Rate."

- (a) Is it Sprint's position that the proposed rate on line 2 represents a cost-based rate for the usage component of PTAS service?
- (b) If yes, explain in detail how the underlying costs are specific to PTAS service, and how these costs have been used to develop this cost-based rate.
- (c) If no, explain in detail why Sprint believes that the proposed rate complies with the FCC requirement that intrastate rates for PTAS service are cost-based.

Answer:

- (a) Yes, see the answer to Question 3 generally.
- (b) Line 5 (Page 4): Common Transport Cost MOU—This rate is based on calculations using the Tennessee specific common transport data to arrive at a common transport MOU cost using Trans04 Module. Payphone service usage is in aggregate included in the transport data used to calculate the common transport cost per minute-of-use. The common transport cost for a payphone minute transported through the transport network does not vary in cost from any other class of service cost per minute-of-use unless the routes are different.

Line 7 (Page 4): Local Switching Cost MOU—This rate is based on calculations using the Tennessee local switching investment data combined with Tennessee specific traffic data to arrive at a local switching MOU cost using SCIS/MO and the Switch04 Module. Payphone service usage is in aggregate included in the traffic data used to calculate the local switching cost per minute-of-use. The local switching cost for a payphone minute switched through the switch does not vary in cost from any other class of service cost per minute-of-use.
- (c) The answer to Question 10(a) is "yes".

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Question 11: Refer to p. 3. Provide the following information for the costs shown on lines 1 through 4:

- (a) Identify the cost as being specific to PTAS service or not specific to PTAS service. If Sprint asserts that it is appropriate to use a cost that is not specific to PTAS service when developing a cost-based rate for PTAS, explain in detail why the cost in question is appropriate for use in this manner.
- (b) For all costs that are specific to PTAS, describe in detail how the calculation of cost was conducted in order to be PTAS-specific.

Answer:

- (a) Line 1: PTAS Loop Cost -- Payphone specific.
Line 2: NID Cost -- Payphone specific.
Line 3: Line Termination Cost -- Payphone specific
Line 4: Blocking and Screening -- Payphone specific
- (b) Line 1: PTAS Loop Cost -- The PTAS Loop Cost was developed by weighting the average loop cost for each United wire center by the number of payphone lines in that wire center to develop a statewide PTAS Loop Cost for United. The calculation can be found on page 39 of United's cost study.

Line 2: NID Cost -- NIDs used for payphone service were used in the cost study.

Line 3: Line Termination Cost -- This rate represents the material cost for the payphone line card, the main distribution frame and protection. The payphone line card provides coin control and answer supervision capabilities. The calculation can be found on page 95 of United's cost study.

Line 4: Blocking and Screening -- This rate is calculated using the SCIS/IN feature cost model. SCIS/IN feature input requires screening busy hour calls per line, digits per call and if screened calls are diverted to tone or announcement. Blocking and screening input is developed based on aggregate data.

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Question 12: Refer to p. 4. Provide the following information for the cost and network usage data shown on lines 1 through 8:

- (a) Identify the cost or network usage characteristic as being specific to PTAS service or not specific to PTAS service. If Sprint asserts that it is appropriate to use a cost or network characteristic that is not specific to PTAS service when developing a cost-based rate for PTAS, explain in detail why the cost or network usage characteristic in question is appropriate for use in this manner.
- (b) For all costs or network calculations that are specific to PTAS, describe in detail how the calculation of cost was conducted in order to be PTAS-specific.

Answer:

- (a) Only lines 5 and 7 represent rate components. The other lines are calculations.
- (b) Line 5: Common Transport Cost MOU— This rate is based on calculations using the Tennessee specific common transport data to arrive at a common transport MOU cost using Trans04 Module. Payphone service usage is in aggregate included in the transport data used to calculate the common transport cost per minute-of-use. The common transport cost for a payphone minute transported through the transport network does not vary in cost from any other class of service cost per minute-of-use.

Line 7: Local Switching Cost MOU—This is based on calculations using the Tennessee local switching investment data combined with Tennessee specific traffic data to arrive at a local switching MOU cost using SCIS/MO and the Switch04 Module. Payphone service is in aggregate included in the traffic or usage data used to calculate the local switching cost per minute-of-use. The local switching cost for a payphone minute switched through the switch does not vary in cost from any other class of service cost per minute-of-use.

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Question 13: Refer to p. 6. The Purpose section states that "the loop cost results are used to determine the cost of the loop component of pay telephone service."

- (a) Explain in detail how the loop cost results, as developed in the loop cost study, are used to determine loop costs that are specific to "pay telephone service."
- (b) Define the term "pay telephone service" is (sic) it is used in this context.
- (c) Is the term "pay telephone service" intended to mean the same thing as the term "payphone operations" as used on p. 1? If no, explain in detail how Sprint's intended meaning of these two terms differs.
- (d) When Sprint refers to "payphone rates" on p. 1, are the rates being referenced the rates for "pay telephone service" as the term is used on p. 6? If no, explain in detail how Sprint's intended meaning of these two terms differs.

Answer:

- (a) The PTAS Loop Cost was developed by weighting the average loop cost for each United wire center by the number of payphone lines in that wire center to develop a statewide PTAS Loop Cost for United. The calculation can be found on page 39 of United's cost study and is further described the study documentation.
- (b) Refer to the answer for Question 6(c) defining the term "payphone operations".
- (c) Yes.
- (d) Yes.

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Question 14: Refer to p. 6. The Assumptions section contains the statement that "a forward-looking, least cost. Most (sic) efficient network is assumed." Explain in detail what is meant by this statement.

Answer: Refer to the "*BCPM 3_1 Model Methodology.doc*" file located on the enclosed compact disc. SLCM uses the same methods to calculate loop investment as BCPM. BCPM is the same model United supported in the Tennessee universal service proceeding.

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Question 15: Refer to p. 6. The Assumptions section contains the statement that "all digital loop carrier systems are assumed to be single-ended."

- (a) Provide a detailed description of a "single-ended" digital loop carrier system, and explain how it is different from loop carrier systems that are not "single-ended."
- (b) Explain in detail why it is appropriate to assume that the local loop facilities used to provide PTAS will utilize on "single-ended" digital loop carrier systems.
- (c) Describe the specific characteristics of PTAS service that have caused Sprint to determine that only "single-ended" digital loop carrier systems should be assumed.

Answer:

- (a) Single-ended Digital Loop Carrier (DLC) systems are integrated with the voice switch, and no voice grade card is required within the central office. Rather, the local loop is connected directly to the voice switch by way of T-1 links using a GR-303 software interface. By using an integrated system, the cost for the central office end of the DLC is reduced. This is currently the least cost most efficient design.
- (b) It is appropriate to assume that the local loop facilities used to provide payphone line service will utilize single-ended DLCs because it is the most efficient network design for provisioning of a complete service. By assuming the service is double-ended or a mix of single and double-ended, the resulting cost would be greater than the cost provided. In the event a pay telephone provider wished to provide its own switching element, the PTAS Loop Cost would have to be modified to reflect double-ending.
- (c) Refer to the answer for Question 15(b).

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Question 16: Refer to p. 6. The Methodology section refers to SLCM files entitled "Detail Report" and "view_grid_detail.csv." Provide a copy of all such reports relied on to produce the costs reported on p. 3 of the cost study.

Answer: Refer to the proprietary files "*Tnpayphone_Tnpayphone_GridDetail.xls*" and "*Tnpayphonedrop_Tnpayphonedrop_GridDetail.xls*" located on the enclosed compact disc. The difference between the two files is used to determine drop investment.

The BCPM reporting capability that produced the "Detail Report" is not available in SLCM; however, the information to obtain all of BCPM's reports may be extracted from the above referenced file. All other work papers used to calculate investment were contained in the March 16, 2001 cost study filing.

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Question 17: Refer to p. 8. The Pay Telephone Loops section describes a method used to calculate the cost of "pay telephone" loops.

- (a) Define the term "pay telephone" as it is being used in this context. Specifically state whether the term "pay telephone" is intended to include services other than PTAS provided to independent payphone providers.
- (b) Define the term "exchange specific loop cost" as it is used in this section.
- (c) Is the "exchange specific loop cost" specific to PTAS loops? If the answer is anything other than an unqualified yes, provide a complete listing of services that are included in the "exchange specific loop cost."
- (d) If the "exchange specific loop cost" is not specific to PTAS loops, does Sprint's methodology assume that the average cost of PTAS loops in a given exchange is the same as the average cost of loops used to provide each of the services listed in your response to part c.?
- (e) If the answer to part d is yes, please explain in detail why Sprint believes that this assumption is valid. Describe and provide complete copies of all studies that have been performed by Sprint or at its direct that support the assumption that for a given exchange, the average cost of a PTAS loop is the same as the average cost of a loop used to provide other services.
- (f) If the answer to part d. is no, explain in detail how the average cost of PTAS loops is being identified in the Sprint cost study.

Answer:

- (a) The forward-looking loop cost for "pay telephones" applies to all pay telephone providers within United's serving territory.
- (b) "Exchange specific loop cost" is the cost of the local loop in a given wire center.

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Question 17: Continued.

- (c) No. The "exchange specific loop cost " applies to all voice grade loops within a given wire center including residential, business (including payphones) and multi-line business lines.
- (d) The PTAS Loop Cost and United's average loop cost is not the same as shown on page 39 of the March 6, 2001 cost study.
- (e) Sprint developed a cost study applicable to payphone service only. Within that cost for payphone service, Sprint developed a loop cost that is \$1.18 less than normal voice grade loops. See page 39.
- (f) See answer to Question 17(d).

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Question 18: Refer to p. 35. For each exchange listed in the left-hand column, provide the following information:

- (a) The average length of a local loop in that exchange.
- (b) The total investment (cable and wire, circuit, and CO termination) of a local loop in that exchange.
- (c) The average length of a loop in that exchange used to provide "pay telephone" service, as that term is used at p. 8 of the cost study.
- (d) The total investment (cable and wire, circuit, and CO termination) of a local loop in that exchange used to provide "pay telephone" service, as that term is used at p. 8 of the cost study.
- (e) The average length of a loop in that exchange used to provide PTAS service.
- (f) The total investment (cable and wire, circuit, and CO termination) of a local loop in that exchange used to provide PTAS service.

Answer:

- (a) Refer to the proprietary file "*TN Avg Loop 18a.xls*" located on the enclosed compact disc.
- (b) See page 35 of United's cost study.
- (c) The same answer as given for Question 18(a).
- (d) The same answer as given for Question 18(b).
- (e) The same answer as given for Questions 18(a) & (c).
- (f) The same answer as given for Questions 18(b) & (d).

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Question 19: Assume the methodology for determining a "statewide average loop cost" for payphone services utilized by Sprint (as described at p. 8) is used in a cost study.

- (a) All else equal, if the average length of a PTAS loop in a given exchange is less than the average length of all loops in that exchange, will the calculated "statewide average loop cost" calculated by the cost study for PTAS be overstated?
- (b) If the average investment of a PTAS loop in a given exchange is less than the average investment of all loops in that exchange, will the calculated "statewide average loop cost" calculated by the cost study for PTAS be overstated?

Answer:

- (a) The answer is "yes", with the understanding that (i) United's study uses wire centers and not "exchanges" and (ii) all factors impacting the cost of a loop discussed in the answer to Question 5 remain constant including customer density and structure costs, which have a larger impact on loop cost than loop length.
- (b) Yes, with the provisos stated above in the answer to Question 19(a).

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Question 20: Refer to p. 39. Explain in detail how the values in the "payphone demand" column were developed.

- (a) Identify each specific rate element that was tabulated in order to develop the values in the "payphone demand" column.

Answer: To develop the values in the "payphone demand" column, end-of-year payphone line counts by wire center for all payphones within United serving territory were tabulated.

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Question 21: Refer to p. 39. Explain in detail how the values in the "lines served" column were developed.

Answer: United obtains wire center specific line count information from its billing systems for residential, business (including payphone), multi-line business, company official lines, and special access DS-0s. This information is then entered into the model, and the "lines served" column is the summation of residential, business, multi-line business and special access DS-0s. From the model, total grid lines served within the data provided in response to Question 16 is summed by wire center to determine the number of lines served.

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Question 22: Describe in detail each of the ways in which Sprint believes that the cost of a local loop used to provide PTAS service on its network differs from the cost of a local loop used to provide PTAS service on BellSouth's network.

Answer: See the answer to Question 5.

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Question 23: Provide a copy of the Area Wide Summary Report for the run of the SLCM/BCPM used to develop the network investments used in the cost study.

Answer: The BCPM reporting capability for USF that produced this report is not available in SLCM. However, the data used to develop the requested report is provided in response to Question 16.

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Question 24: Provide a copy of the Key Elements portion of the SLCM/BCPM results for the run of the SLCM/BCPM used to develop the network investments used in the cost study.

Answer: The BCPM reporting capability for USF that produced this report is not available in SLCM. However, the data used to develop the report is provided in response to Question 16.

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Question 25: Provide a copy of the Plant Summary Report portion of the SLCM/BCPM results for the run of the SLCM/BCPM used to develop the network investments used in the cost study.

Answer: The BCPM reporting capability for USF that produced this report is not available in SLCM. However, the data used to develop the requested report is provided in response to Question 16.

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Question 26: Refer to p. 4. Does the cost of Local Switching Cost per MOU reported at line 7 include the cost of custom calling features?

- (a) If yes, explain why the inclusion of these cost is appropriate when developing a cost-based rate for PTAS usage.
- (b) If no, describe in detail how SCIS was run in order to exclude these costs.

Answer: No. SCIS is comprised of two programs, SCIS/MO (Model Office) and SCIS/IN (Intelligent Network). SCIS/MO calculates end office switch investments for a specific company's network. SCIS/IN is used to develop feature costs based on a given network.

- (a) The answer to Question 26 is "no".
- (b) United utilizes SCIS/MO to calculate the investment for each switch in the state's network. This investment data is then imported into United's switching model where these investments are combined with state specific traffic data to arrive at a local switching MOU cost. United recognizes that the Getting Started Investment (GSI) that SCIS calculates includes the entire processor and that only the portion of the processor associated with plain old telephone service (POTS) should be assigned to POTS calls. United makes this adjustment by excluding the portion of the processor that is associated with feature usage. In addition, all software that pertains to features has been excluded from the local switching cost.